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**Electronically Recorded** 

**Tarrant County Texas** 2/22/2011 10:37 AM

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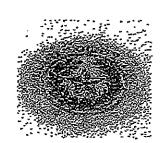
Official Public Records

PGS 5

\$32.00

Mary Louise Garcia

Submitter: ACS



DALE PROPERTY SERVICES, LLC ATTN: RECORDING TEAM 500 TAYOLR ST. STE 600 FORT WORTH, TEXAS 76102

Submitter: DALE PROPERTY SERVICES, LLC

MARY LOUISE GARCIA
TARRANT COUNTY CLERK
TARRANT COUNTY COURTHOUSE
100 WEST WEATHERFORD
FORT WORTH, TX 76196-0401

#### **DO NOT DESTROY**

**WARNING - THIS IS PART OF THE OFFICAL RECORD** 

ELECTONICALLY RECORDED BY ACS ERXCHANGE

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE

# **Electronically Recorded** PAID UP OIL AND GAS LEASE Chesapeake Operating, Inc.

(No Surface Use)

THIS LEASE AGREEMENT is made this day of FERTUAL 2011, by and between Classic Century Homes, LTD., whose address is, C/O Jimmy Morrow, 500 Everglade, Mansfield, Texas 76063, as Lessor, and CHESAPEAKE EXPLORATION, L.L.C., an Oklahoma limited liability company, whose address is P.O. Box 18496, Oklahoma City, Oklahoma 73154-0496, as Lessee, All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

land, hereinafter called leased premises:

## SEE LEGAL DESCRIPTION IN EXHIBIT "A" ATTACHED HERETO:

in the county of TARRANT, State of TEXAS, containing <u>4.130</u> gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

- 2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of Three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.
- 3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocal separated at Lessee's separator facilities, the royalty shall be <u>Twenty-Five Percent</u> (25%) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the nearest field in which there is such a prevailing price) for market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be Twenty-Five Percent (25%) of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder, and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producting oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production there from is not being sold by Lessee, such well or wells are shut-in or production there from is not being sold by Lessee, such well or wells are shut-in or production there from is not being sold by Lessee, such well or wells are shut-in or production there from is not being sold by Lessee, then Lessee shall pay shut-in royalty of twenty-five dollars (\$25.00) per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day pe this lease in force by payment of shut-in royalty for more than two (2) years in the aggregate.
- 4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive
- payments.

  5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter cailed "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production there from, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no coven additional wells except as expressly provided herein.
- leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

  6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not smillar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or a completion to conform to any well spacing or density pattern that may be prescribed by any governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of iless than 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in facilities or equivalent testing equipment;

- 8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee and the respect to the documents establishing such change of ownership to the satisfaction of Lessee on until Lessor has assisted the notification requirements contained in Lessee's usual form of division order. In the respect to the documents establishing such change of ownership to the satisfaction of Lessee on until Lessor entitled to shuft-in royalities between the control of decedent of decedent of decedent of any person entitled to shuft-in royalities hereunder. Lessee may pay or tender such shuft-in royalities hereunder. Lessee may pay or tender such shuft-in royalities to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shuft-in royalities hereunder, Lessee the shuft-in royalities hereunder shuft-in royalities hereunder shuft-in entitled the shuft-in royalities hereunder. It is the shuft-in royalities hereunder shuft-in royalities and the shuft-in

- commence at and continue at all depths below five hundred feet (500°) from the surface of the earth.

  15. Lessor hereby warrants and agrees to defend title to the leased premises against the claims of any person(s) claiming by, through or under Lessor, but not otherwise. Lessor agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

  16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights, express or implied, to use the surface of the leased premises for directions. Accordingly, Lessee shall have no right to enter upon, cross over, place any building or structure upon, conduct operations upon (including but not limited to geophysical/seismic operations), or otherwise use the surface of the Leased Premises to exercise any of the rights granted hereunder. Lessee shall only develop the Leased Premises by pooling, as provided herein, or by directional or horizontal drilling commenced from a surface location on other lands. This provision shall in no way restrict Lessee's exploration of or production from the Leased Premises by means of wells drilled on other lands but entering or bottomed on the Leased Premises.

  17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

  18. Notwithstanding anything to the contrary herein, for purposes of this lease, "oil and gas" means oil, gas and other liqui

- Includes neitum, carbon dioxide and other commercial gases, as well as hydrocarbon gases. Expressly excluded from this Lease are lightle, coal, sultur and other like minerals.

  19. Indemnity. Lessee hereby releases and discharges Lessor, along with Lessor's officers, employees, partners, agents, contractors, subcontractors, guests and invitees, and their respective heirs, successors and assigns (collectively the "Lessor Parties"), of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees and agents arising out of, incidental to or resulting from, the operations of or for Lessee and expenses which are caused by the activities of Lessee, its officers, employees and agents arising out of, incidental to or resulting from, the operations of or for Lessee on or under the leased premises or at the drill site or operations site, or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this lease, or by any other negligent or strictly liable act or operations site, or that may arise out of or be occasioned by Lessee's parties against any and all claims, liabilities, losses, damages, actions, property damage, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, statute or strict liability, including reasonable attorney fees and other legal expenses, including those related to environmental hazards on or under the leased premises or at the drill site or operations site or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from Lessee's use of the surface or subsurface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this lease or any othe ver, that Lessee shall have no obligation to indemnify or hold Lessor harmless from any cost, expense or liability which may arise or result from the gross negligence or willful misconduct of Lessor.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE)

Classic Century Homes, LTD.

By: Classic Century, INC., Its general partner

Signature: \_

By: Jimmy Morrow As: President of Classic Century, INC.

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### CORPORATE ACKNOWLEDGMENT

STATE OF <u>TEXAS</u> COUNTY OF <u>TARRANT</u>

general partner of Classic Century Homes, LTD., on behavioral partner of Classic Century Homes, LTD.,

#### EXHIBIT "A"

0.200 ACRES OF LAND, MORE OR LESS, BEING <u>BLOCK 1, LOT 1</u>, OUT OF THE <u>MANORS OF CHASEWOOD ADDITION</u>, AN ADDITION TO THE CITY OF <u>FORT WORTH</u>, <u>TARRANT</u> COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORDED IN CABINET <u>A</u>, PAGE <u>8572</u>, OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

0.200 ACRES OF LAND, MORE OR LESS, BEING <u>BLOCK 1, LOT 5</u>, OUT OF THE <u>MANORS OF CHASEWOOD ADDITION</u>, AN ADDITION TO THE CITY OF <u>FORT WORTH, TARRANT</u> COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORDED IN CABINET <u>A</u>, PAGE <u>8572</u>, OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

0.140 ACRES OF LAND, MORE OR LESS, BEING <u>BLOCK 1, LOT 6, OUT OF THE MANORS OF CHASEWOOD ADDITION</u>, AN ADDITION TO THE CITY OF <u>FORT WORTH, TARRANT</u> COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORDED IN CABINET <u>A</u>, PAGE <u>8572</u>, OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

0.140 ACRES OF LAND, MORE OR LESS, BEING <u>BLOCK 1, LOT 9</u>, OUT OF THE <u>MANORS OF CHASEWOOD ADDITION</u>, AN ADDITION TO THE CITY OF <u>FORT WORTH</u>, <u>TARRANT</u> COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORDED IN CABINET <u>A</u>, PAGE <u>8572</u>, OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

TRACT 5:

0.190 ACRES OF LAND, MORE OR LESS, BEING <u>BLOCK 1, LOT 13</u>, OUT OF THE <u>MANORS OF CHASEWOOD ADDITION</u>, AN ADDITION TO THE CITY OF <u>FORT WORTH</u>, <u>TARRANT</u> COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORDED IN CABINET <u>A</u>, PAGE <u>8572</u>, OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

TRACT 6:

0.340 ACRES OF LAND, MORE OR LESS, BEING <u>BLOCK 1, LOT 14</u>, OUT OF THE <u>MANORS OF CHASEWOOD ADDITION</u>, AN ADDITION TO THE CITY OF <u>FORT WORTH</u>, <u>TARRANT</u> COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORDED IN CABINET <u>A</u>, PAGE <u>8572</u>, OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

TRACT 7

0.110 ACRES OF LAND, MORE OR LESS, BEING <u>BLOCK 1, LOT 22</u>, OUT OF THE <u>MANORS OF CHASEWOOD ADDITION</u>, AN ADDITION TO THE CITY OF <u>FORT WORTH, TARRANT</u> COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORDED IN CABINET <u>A</u>, PAGE <u>8572</u>, OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

TRACT 8:

0.180 ACRES OF LAND, MORE OR LESS, BEING <u>BLOCK 1, LOT 30</u>, OUT OF THE <u>MANORS OF CHASEWOOD ADDITION</u>, AN ADDITION TO THE CITY OF <u>FORT WORTH, TARRANT</u> COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORDED IN CABINET A, PAGE 8572, OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

TRACT 9:

0.260 ACRES OF LAND, MORE OR LESS, BEING <u>BLOCK 1, LOT 31</u>, OUT OF THE <u>MANORS OF CHASEWOOD ADDITION</u>, AN ADDITION TO THE CITY OF <u>FORT WORTH, TARRANT</u> COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORDED IN CABINET <u>A</u>, PAGE <u>8572</u>, OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

TRACT 10

.280 ACRES OF LAND, MORE OR LESS, BEING <u>BLOCK 2, LOT 8</u>, OUT OF THE <u>MANORS OF CHASEWOOD ADDITION</u>, AN ADDITION TO THE CITY OF <u>FORT WORTH</u>, <u>TARRANT</u> COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORDED IN CABINET <u>A</u>, PAGE <u>8572</u>, OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

0.120 ACRES OF LAND, MORE OR LESS, BEING <u>BLOCK 2, LOT 10.</u> OUT OF THE <u>MANORS OF CHASEWOOD ADDITION</u>, AN ADDITION TO THE CITY OF <u>FORT WORTH</u>, <u>TARRANT</u> COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORDED IN CABINET A, PAGE 8572, OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

TRACT 12

0.110 ACRES OF LAND, MORE OR LESS, BEING BLOCK 2, LOT 11, OUT OF THE MANORS OF CHASEWOOD ADDITION, AN ADDITION TO THE CITY OF FORT WORTH, TARRANT COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORDED IN CABINET A, PAGE 8572, OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

0.110 ACRES OF LAND, MORE OR LESS, BEING <u>BLOCK 2, LOT 4, OUT OF THE MANORS OF CHASEWOOD ADDITION</u>, AN ADDITION TO THE CITY OF <u>FORT WORTH</u>, <u>TARRANT</u> COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORDED IN CABINET <u>A</u>, PAGE <u>8572</u>, OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

1.750 ACRES OF LAND, MORE OR LESS, BEING BLOCK 3, LOT 1, OUT OF THE MANORS OF CHASEWOOD ADDITION, AN ADDITION TO THE CITY OF <u>FORT WORTH, TARRANT</u> COUNTY, TEXAS, ACCORDING TO THAT CERTAIN PLAT RECORDED IN CABINET A, PAGE 8572, OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

SAID LANDS ARE HEREBY DEEMED TO CONTAIN 4.130 ACRES OF LAND, MORE OR LESS.